



Program Cost Recovery

The NDSU Extension Service provides education to help North Dakotans improve their lives, livelihoods and communities. Programs and services benefit society or a cross section of society as we work to strengthen agriculture, stimulate communities, develop youths’ potential, build strong families and protect the environment.

The overall guiding principle is that serving the public good drives Extension programming. We have been able to do this in the past with no or very little cost to the end user. Recent budget cuts at the state and local levels have impacted the funds available for program development, implementation and evaluation. While NDSU Extension programs are varied and some programs will remain free, others recover some or all of the costs. Cost recovery opportunities also vary by county or state program.

Recovering costs associated with programs is not a new idea. Extension has been charging fees and recovering costs through grants, contracts, agreements and MOUs for some time. This document provides guiding principles and suggestions for cost recovery. As a system it is important for us to think about where cost recovery might be possible.

A first step in considering whether or not to recover costs for a program is to reflect on **public and private or exclusive good**. Public good programs benefit society as a whole or large cross-sections of society. These programs should be part of our on-going programmatic efforts. Other times, however, Extension is asked to provide customized programming for private or exclusive audiences; these programs, especially, should have a cost recovery component built into them.

The chart below illustrates the difference between programs and services that target public good versus private good.

Public Good	Private or Exclusive Good
Anyone may attend	Restricted attendance to specific group
Program/content/delivery is part of on-going program efforts and can be broadly used	Materials available only to those in the group requesting the program
Reasonable time needed to develop and deliver the program	Additional time needed to develop and deliver the program
Subject matter fits within Extension priorities	Outside expertise may be needed for subject matter
No formal certification or credits	Certification or credits offered

Chart adapted from The Ohio State University. Section I: Overview of Cost Recovery.

Many Extension programs fall somewhere between those for public good and private or exclusive good. Agents and specialists should consider cost recovery opportunities for each program delivered.

Guiding Principles

- Public funding for Extension programs and services are to benefit society as a whole or large cross-sections of society.
- Activities for which fees are charged should be consistent with the mission of NDSU Extension (<https://www.ag.ndsu.edu/extension/about-us>). The ability to charge fees should not be a deciding factor when determining program priorities.
- Revenues generated from fees should be used to recover the reasonable costs of programming and the enhancement of programs.
- Revenues generated from cost recovery will remain with the entity that is taking registrations such as a program area, program team, county or other Extension group to enhance Extension programming.
- Extension programs are open to all people regardless of their ability to pay. Provisions should be made to reduce or waive fees for those needing financial assistance. These situations would be at the discretion of specialists and agents working with the respective program. Individual Extension programs may have their own provisions on fee waivers, and specialists and agents are encouraged to establish guidelines for specific programs if needed.
- Cost recovery assures that Extension does not unfairly undercut private providers of commercial services by providing a “free” publically subsidized alternative (i.e. Plant Diagnostic Lab).
- Any costs recovered must be collected, deposited and expended following university and USDA guidelines.

What are examples of ways the NDSU Extension Service currently recovers program costs?

Pesticide program fees, Parents Forever registration, Design your Succession Plan user fees, Lead Local user fees, local private sector support of meals for field days, local grants, etc.

When asked, how can staff explain these Extension program costs to clientele?

Extension operating funds make up less than 20% of the overall Extension budget and sometimes certain programs have a high cost to deliver. Items such as food, printing, graphics, room rental and speaker travel can add up quickly, further depleting operating dollars. Charging a fee to cover the cost of such program expenses is an acceptable practice for Extension programs.

What are some of the opportunities for cost recovery?

There are multiple ways to recover the costs of delivering an Extension program that do not have to be from a county or state budget line. Some of these options include:

- Grants and contracts (Keep in mind that some grants do not allow for other means of cost recovery. Please pay close attention to the grant language to ensure compliance).
- Scholarships
- Donations
- Sponsorships for meals, etc. Sponsorships should avoid any influence of commercial sales by the sponsoring company. See <https://www.ag.ndsu.edu/agcomm/educational-materials/sponsorship-acknowledgement-guidelines> for more information on sponsorship acknowledgement guidelines.

- Registration fees (there has been some success in charging even a nominal fee to ensure registrant accountability).
- User fees for specialized service – (pressure canner testing, site visits, etc.)

What are some examples of items to consider for cost recovery or fees?

More limitations ALLOWABLE COST RECOVERY Less limitations	Category	Related items which may have a cost to be recovered
	Refreshments	Food, supplies for service, non-alcoholic beverages
	Meals	Groceries, catered meals, tip, delivery, transportation for food
	Publications	Graphic design and development, ordering, shipping, postage
	Handouts	Graphic design and development, ordering, shipping, postage
	Meeting Management	Meeting notices, rent, insurance, postage, marketing, press, signage, nametags, flip charts, markers, paper, other meeting supplies
	Direct Service	Tool for service to be completed – travel, microscope, reference manuals, etc.
	Volunteers (includes Master volunteers)	Recruitment, orientation, selection, training, supervisions, monitoring, recognition, evaluation, planning
	4-H Programs	Publications, consumable expenses for training
	AV/Technology Equipment	Rental of AV/technology equipment for presentations
	Curriculum Development	Research tools, books, software, research travel, evaluation, statistical analysis
	Support Staff	Salaries, fringe benefits, equipment, training
	Personnel Directly Involved	Salaries for professional, adjunct, paraprofessional, consulting, training, speakers, fringe benefits

Chart adapted from Colorado State University Extension – Cost Recovery and Fee Guidelines

Who should I talk to if I have a question about cost recovery?

Begin by talking with your district director or program leader. Some counties may have established policies or unwritten practices that you may or may not be aware of, so it’s important to ask local questions first. You may have examples of how other staff have approached cost recovery and you wish to adapt or adopt that method. Talking to a district director or program leader can be helpful to identify the issues and make good decisions.

If you are participating in a state program that already has a method for cost recovery in place you may also want to talk to the program team chairs about the process they used to determine the cost recovery method.

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